

Springerville Town Council
Special Meeting
Minutes
September 19, 2007

Present: Mayor Kay Dyson, Vice Mayor Mary Nedrow, Eric Baca, Pete Hunt and Phelps Wilkins.

Staff: Scott Garms Town Manager, Karen Asquith, Larisa Bogardus, Max Sadler, Tom Malone, Sharon Pinckard, Tom Malone, Linda Matthews and Steve West.

Public: None.

1. Vice Mayor Nedrow called the meeting to order at 6:04 p.m.
2. Town Manager Scott Garms said tonight is merely an informational and discussion meeting. Finance Director Karen Asquith will present the budget, explain the problems and challenges the Town faces, and review individual departments. Department heads are here to answer questions. A second meeting will be held in two weeks to allow council to consider all that has been presented before taking action.
Ms. Asquith said this is a preliminary budget and it is not balanced. Council will have to make a lot of decisions. The general fund has a \$501,000 surplus but \$840,234 must be transferred to subsidize other departments, creating a \$339,999 shortfall. By cutting expenses and increasing revenue, the deficit can be reduced to \$29,891.
Examples of cuts that could be made include eliminating merit raises, which would save \$15,000; eliminating GIS to save \$35,000; and eliminating water and sewer rehabilitation to save \$40,000. Travel and training have been cut 10 percent across the board. More could be cut, but some trainings and certifications are mandated and must be funded. If council chooses to fund EDAC or the chamber, something else will have to be cut to offset it. Some cost-saving measures are possible, such as lease-purchasing a new cruiser for the police department rather than purchasing it outright.
Councilman Baca said there should be a balance of increasing revenue and decreasing expenditures. Ms. Asquith said part of the problem is there is no new revenue coming in. Although utility rate increases are planned, they have not been adopted and Ms. Asquith cannot include them in the budget until they are.
Councilman Hunt asked about the projected doubling of health care premiums, which is not budgeted. Ms. Asquith said she has asked that it be recalculated and believes it will be much less than that. She and the manager are also exploring other providers that might be cheaper than what is paid now.
Councilman Hunt also asked about the IRS tax levy. Ms. Asquith said there are two IRS issues. One, for \$78,000, might be erased; but the other, for \$40,000, is probably owed. She is working with a CPA on this. It must be budgeted, however, because until it is resolved the IRS is garnishing federal disbursements to the Town.

Mayor/Council: Councilman Hunt suggested council members waive their pay in addition to Vice Mayor Nedrow's suggestion that travel and training be cut. Mr. Garms added that Public Relations is \$7,000 and could be cut.

A new, General Government, category was created to cover legal costs, elections, EDAC, chamber and other non-departmental expenditures. Transfers consist of \$448,000 to enterprise funds and \$147,000 to airport grant matches. There is an \$89,000 deficit in the airport over and above grant match. Senior Center's subsidy is dropping from \$55,000 to \$37,000 due to insurance savings.

Magistrate: This includes a half-time clerk at the justice court and legal fees for prosecution.

Administration: Salaries are up 20 percent because paid leave is included in this figure. Previously it has been a separate item. Total operating costs are down.

Mayor Dyson and Sharon Pinckard arrived at 7:35 p.m.

Finance: There has been very little change.

GIS: Steve West explained this began with a Homeland Security grant but now serves virtually every department. The Town is partnered with Eagar, Apache County, St. Johns and even Snowflake/Taylor in the development of a regional system as well as training. At present, the Town is far behind the other communities in terms of data collection. Eagar Police were awarded a grant to purchase GIS data collection units for both towns. Larisa Bogardus explained \$35,000 has been added to purchase a cemetery module that can be used by all partners. Each of the other communities has already paid for a module, from which Springerville is benefiting. Chief West said Eagar has invested almost \$300,000 while Springerville has invested only about \$50,000.

Community Development: Ms. Bogardus said some categories have been added to better track revenues and expenses. The building inspector budget has been increased from 25 percent to 50 percent because new construction is increasing rapidly. Vice Mayor Nedrow questioned continuing education vs. travel and training, which are separate line items. Mr. Garms said it is for tuition reimbursement, which is an employee benefit.

Police: Two officers and the executive assistant positions are vacant. One officer position has been open since it was authorized. Filling the other officer and assistant position (which has been reduced to an administrative assistant) should save about \$12,000 total because the new hires will not have the longevity of those who left. Mayor Dyson asked why two administrative assistants are needed. Chief West said they have very different duties and outlined the diversity of responsibilities.

Mayor Dyson proposed splitting a person between the police department and administration. Chief West said the department has grown to the point that two people are needed.

Councilman Hunt asked about the overtime budget. Chief West answered that often officers put in overtime to cover when another officer is out sick or on vacation. Also, at least one officer is always on call and is paid for the on-call time plus paid overtime if they are called out.

Vice Mayor Nedrow suggested increasing salaries and asking employees to pay a larger share of insurance benefits. Mr. Garms said that might be an option if the Town goes with a different carrier. At present we are in the state insurance program, which mandates contribution amounts.

Animal Control: Councilman Hunt questioned the increase in insurance from \$5,000 to \$20,000. Ms. Asquith said she is not sure how the budget has been figured in the past. Mr. Garms added that the officer is adding family health care coverage.

Fire: Ms. Asquith said this is another case in which she does not understand how things were budgeted. Chief Max Sadler said we are now tracking callouts. Also, the Forest Service reimburses the Town for firefighters and equipment used for wildfires, but the revenue is reported in the general fund.

Building Maintenance: Mr. Malone said public works is now assigning personnel to various departments. One man is assigned to maintenance of all Town buildings.

Mechanical Shop: Ms. Asquith said this, too, was part of the assigning of personnel to specific departments and reflects a full-time mechanic. If personnel are called in to assist in other areas, such as a road project, this will be coded on their time cards and paid from the appropriate department.

Parks: This includes one full-time person and crews for grave openings and closings, which usually take place after hours. Councilman Baca asked about fuel and electricity. Mr. Malone explained the fuel is for mowing and weedeating equipment as well as vehicles. The electricity is for the Little League field, parks and other areas.

It was noted that electrical costs citywide will drop in September 2008, when the Town begins receiving power at a reduced price from the Parker-Davis Dam.

Casa Malpais: Salaries are for manager Linda Matthews and four tour guides, providing seven-day service. Mayor Dyson asked if there are slow days/seasons when the museum could be closed. Ms. Matthews said Sundays are generally slow, as are winters if the weather is bad. She will look at trends and report back. The value of the chamber and Casa sharing facilities and personnel was also discussed and will be a factor in funding decisions.

Debt Service: This is the copy machine lease.

Public Works: This is slightly more than two salaries which were not budgeted here last year.

Grants: This is proposed grant match expenditures. Ms. Asquith said the SHPO grant is ongoing and the match is committed. We don't know if a grant application for a new fire truck will be awarded, but the match must be budgeted in case it is. The police department can get a grant for new bulletproof vests but must pay half.

Capital Expenditures: This is basically the park restrooms, which are under construction, and the playground equipment funded by donations.

Chief Sadler asked that an engine for the fire department van be moved from funding requests to the fire department budget.

HURF: This is our state share of gasoline taxes and funds our roads department. We have spent a good portion of it and the rest will be used next spring. Councilman Baca asked about the electricity and general insurance. Ms. Asquith explained the Southwest Risk Pool doesn't cover HURF, therefore additional insurance is required. Mr. Malone said he would double-check, but believes the electricity is for streetlights.

Senior Center/Community Services: As was noted before, the request is down from \$55,000 to \$37,000 because Eagar increased their contribution. The overall budget is down about 15 percent because the Area Agency on Aging has taken over case management. Mayor Dyson praised Mrs. Pinckard for doing so much with so little.

Airport: Ms. Asquith said \$600,000 was never recorded last year and it has been difficult to figure out what went on in this fund. \$11,500 identified as "airport related land leases" is not explained and appears to be separate from the Forest Service ramp and airport house lease. Insurance has been increased because the airport was underinsured. Building repairs/maintenance is high because of the damage a contractor did to the terminal building, which their insurance paid.

Airport grants: Ms. Bogardus explained the NEPA is not just for the prospective runway extension; it is needed to purchase pieces of property to create a perimeter zone around the airport. Mayor Dyson said the Town can pick and choose; she feels the secondary taxiway project is more important because they are needed for hangar development. Mayor Dyson expressed concern that we don't know what's going on with the airport or how much it will cost to run. Ms. Asquith reiterated that at present, there is an \$89,000 deficit. If the FBO were paying the estimated costs associated with leasing facilities, much of that would be offset. Mayor Dyson said FBO reports should be a good indicator of revenue. Ms. Bogardus said there is not enough information provided to attach costs. Ms. Asquith said renegotiating with the FBO vs. managing the airport are entirely different budgets. Mayor Dyson agreed, noting that no one knows the cost of litigation, mediation or arbitration.

Tourism Tax: Revenues are projected at \$18,950. This is the one percent "bed tax" earmarked for tourism-related projects.

NACOG: This is the Maricopa project. Mr. Malone noted we are 34 days into a 90-date contract. If the contractor misses the deadline, there are daily penalties.

Transportation: These are broken down into state and federal grants. Some projects have been done and others are pending or could be cut.

Culture and Recreation: This is the HUD allocation of \$100,000 for the old school rehabilitation.

Water: Mayor Dyson observed that the rate study is needed quickly to offset the \$89,000 subsidy. Mr. Malone noted it is much cheaper to rehabilitate a well than to drill a new one. It costs about \$1,500 to evaluate an existing well, then \$6,000-10,000 to rehabilitate. There is also potential for a new well, which we will need to support new development, but capacity fees can be used to pay for that.

Councilman Baca asked how soon the rate study would be complete. Ms. Asquith said two months after we submit all information. The capital improvements plan is nearly finished and should be submitted next week. It was suggested that rates be increased some now, then more later. Ms. Asquith said rate increases are always unpopular and would be a hard sell without some solid data. Councilman Hunt worried the proposed rate increases would exceed citizens' ability to pay

and might have to be scaled back. Ms. Asquith restated there is no money left in the general fund to subsidize departments that could be self-supporting.

Sewer: Mr. Malone said new customers are hooking up regularly. Mayor Dyson added the Parker-Davis allocation will reduce costs next year. Mr. Malone said the aerators account for 33 percent of that cost and should be replaced. A WIFA grant funded the engineering, but no grants have been found for the equipment. The existing aerators are inefficient and require a crane to hoist them out for repair, plus a crew to make the repairs. Modern ones cost about \$27,000 and can be lifted by two men, as well as being energy efficient. Ms. Asquith said this is not currently funded, but something else could be cut or the Town could borrow the money.

3. Adjournment:

Kay Dyson/Mary Nedrow motion to adjourn the meeting at 8:45 p.m.

Kay Dyson, Mayor

ATTEST:

Town Clerk

I hereby certify that the foregoing is a true and correct copy of the minutes of the Springerville Town Council in special session on Thursday, October 4, 2007. I further certify that the meeting was duly called and a quorum was present.

Dated this 5th day of October 2007

Larisa Bogardus